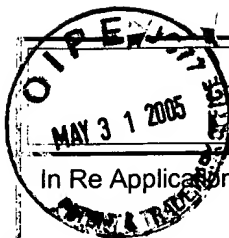


06-01-05

AF#



## TRANSMITTAL OF APPEAL BRIEF (Small Entity)

Docket No.  
00-033

In Re Application Of: JAY S. WALKER et al.

Application No.	Filing Date	Examiner	Customer No.	Group Art Unit	Confirmation No.
09/679186	October 3, 2000	Nguyen, Binh An Duc	22927	3713	7415

## Invention:

**SYSTEMS AND METHODS WHEREIN A PLAYER INDICATES AN ITEM THAT MAY BE RECEIVED BASED ON A GAME EVENT OUTCOME ASSOCIATED WITH THE PLAYER**

COMMISSIONER FOR PATENTS:

Transmitted herewith in triplicate is the Appeal Brief in this application, with respect to the Notice of Appeal filed on:

☒ Applicant claims small entity status. See 37 CFR 1.27

The fee for filing this Appeal Brief is: \$250.00

- ☐ A check in the amount of the fee is enclosed.
- ☒ The Director has already been authorized to charge fees in this application to a Deposit Account.
- ☒ The Director is hereby authorized to charge any fees which may be required, or credit any overpayment to Deposit Account No. 500271
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Signature

Dated: May 31, 2005

Dean P. Alderucci  
Attorney for Applicants  
PTO Registration No. 40,484  
Walker Digital, LLC  
203.461.7337/phone  
203.461.7300/fax

Dalderucci@walkerdigital.com

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May 31, 2005

(Date)

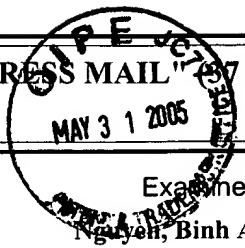
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<b>CERTIFICATE OF MAILING BY "EXPRESS MAIL" 37 CFR 1.10)</b> Applicant(s): JAY S. WALKER et al.			Docket No. 00-033	
Application No. 09/679186	Filing Date October 3, 2000	Examiner Nguyen, Binh An Due	Customer No. 22927	Group Art Unit 3713



Invention: **SYSTEMS AND METHODS WHEREIN A PLAYER INDICATES AN ITEM THAT MAY BE RECEIVED BASED ON A GAME EVENT OUTCOME ASSOCIATED WITH THE PLAYER**

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Application No. 09/679,186  
Technology Center 3700  
Attorney Docket No.: 00-033



PATENT APPEAL

**IN THE UNITED STATES PATENT AND TRADEMARK OFFICE**  
**BOARD OF PATENT APPEALS AND INTERFERENCES**

**APPEAL BRIEF**

Appellants: Jay S. Walker,  
James A. Jorasch  
Dean Alderucci  
Stephen C. Tulley  
Peter Kim

Application No.: 09/679,186

Filed: October 3, 2000

Group Art Unit: 3713

Examiner: B. Nguyen

06/02/2005 MAHMED1 00000023 500271 09679186

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## **REAL PARTY IN INTEREST**

The present application is assigned to Walker Digital, LLC, 1177 High Ridge Road, Suite 128, Stamford, CT 06905.

## **RELATED APPEALS AND INTERFERENCES**

Appellants, Appellants' legal representative and Appellants' assignee know of no interferences or appeals that will directly affect, be directly affected by, or have a bearing on the Board's decision in the pending appeal.

## **STATUS OF CLAIMS**

Claims **40 - 74** are rejected and are the only claims being appealed.

## **STATUS OF AMENDMENTS**

No Amendments were filed subsequent to the final rejection.



## SUMMARY OF CLAIMED SUBJECT MATTER

Concise explanations of the independent claims are provided below. As required by 37 C.F.R. § 41.37(c)(1)(v), reference is made to the Specification. Any such reference and / or accompanying explanation:

(i) is by way of example of the claimed subject matter only and not a comprehensive description of the scope of the independent claim being discussed, nor a comprehensive listing of support in the specification for the independent claim being discussed;

(ii) might be potentially useful in clarifying the particular subject matter of the particular independent claim being discussed (and not other claims or “the invention” as a whole), unless explicitly stated otherwise; and

(iii) is not to be considered as broadening or narrowing or otherwise affecting the interpretation of any claim or part of a claim, unless explicitly stated otherwise.

Additionally, any explanation or reference to the specification which refers to more than one claim, or is utilized in the explanation of more than one claim, is not to be considered as broadening or narrowing or otherwise affecting the interpretation of any claim or part of a claim, and is not to be considered as indicating any equivalence of any claims or parts of a claim.

Claims **40, 69, 70, 73 and 74** are independent.

1. **Independent Claims 40, 69 and 70**

Independent Claim **40** is reproduced below:

40. *A method comprising:*  
*receiving from a device information regarding a total payout amount*  
*of electronic scratch-off lottery tickets stored on the device, wherein the total*  
*payout amount has not been disclosed to the player;*  
*receiving from a player an indication of an item that the player is*  
*interested in wining;*  
*determining a value of the item; and*  
*arranging for the player to receive the item based on whether the total*  
*payout amount is within a defined range of the value of the item.*

Independent Claim **69**, which recites limitations that generally correspond to those of method claim **40**, is reproduced below:

69. *An apparatus comprising:*  
*means for receiving from a device information regarding a total*  
*payout amount of electronic scratch-off lottery tickets stored on the device,*  
*wherein the total payout amount has not been disclosed to the player;*  
*means for receiving from a player an indication of an item that the*  
*player is interested in wining;*  
*means for determining a value of the item; and*  
*means for arranging for the player to receive the item based on*  
*whether the total payout amount is within a defined range of the value of the item.*

Independent Claim 70, which also recites limitations that generally correspond to those of method claim 40, is reproduced below:

70. *An apparatus, comprising:*  
*a processor; and*  
*a storage device in communication with said processor and storing*  
*instructions adapted to be executed by said processor to:*  
*receive from a device information regarding a total payout amount of*  
*electronic scratch-off lottery tickets stored on the device, wherein the total payout*  
*amount has not been disclosed to the player;*  
*receive from a player an indication of an item that the player is*  
*interested in wining;*  
*determine a value of the item; and*  
*arrange for the player to receive the item based on whether the total*  
*payout amount is within a defined range of the value of the item.*

In one example of the claimed subject matter, consider a player who uses her home PC to purchase five instant lottery tickets. Those five outcomes (e.g., \$0, \$2, \$6, \$0, and \$0) are stored on her PC without being displayed to the player. The player decides that she will use three of her instant lottery tickets to try to win a copy of a travel book. [See, e.g., Specification, page 13, lines 18 - 25; page 14, lines 1 - 2].

The book merchant accesses the first three lottery outcomes stored on her PC (i.e., \$0, \$2, and \$6 for a total payout amount of \$8, which has not been disclosed to the player). [See, e.g., Specification, page 14, lines 2 - 3].

The merchant receives from a player an indication that the player is interested in a travel book which is placed into her virtual shopping cart. [See, *e.g.*, Specification, page 13, lines 26 - 28].

The travel book has a retail price of \$12, but the book merchant determines that a lower price may be appropriate because an updated version will soon be released by the publisher. The book merchant decides that \$8 is an acceptable price for the book. [See, *e.g.*, Specification, page 13, lines 28 - 30; page 14, lines 1 - 5]

The book merchant ships the book to the player (*e.g.*, without indicating to her that the book has been provided at a reduced price). [See, *e.g.*, Specification, page 14, lines 2 - 5; Page 3, lines 24 - 29].

## 2. **Independent Claim 73**

Independent Claim 73 recites

73. *A medium storing instructions adapted to be executed by a processor to perform a method comprising:*

*receive from a device information regarding a payout amount of an electronic lottery ticket stored on the device, wherein the payout amount has not been disclosed to the player;*

*receive from a player an indication of an item that the player is interested in winning;*

*determine a price of the item; and*

*arrange for the player to receive the item based on whether the price of the item is less than or equal to the payout amount.*

In one example of the claimed subject matter, a merchant device (e.g., associated with a retail store) receives from a player's PDA a payout amount (e.g., \$8) of one or more pre-stored lottery ticket outcomes stored on the PDA. [See, e.g., Specification, page 11, lines 11 - 13] The player may attempt to receive a book having a current retail price of \$10. [See, e.g., Specification, page 11, lines 9 - 11]

The merchant device compares the payout amount (e.g., \$8) with the current retail price of the book (e.g., \$10) and determines that the book will be provided to the player. The merchant device may determine to provide the book to the player for less than the current retail price if, for example, the merchant has a large number of those books in inventory. [See, e.g., Specification, page 11, lines 13 - 17]

### 3. **Independent Claim 74**

Independent Claim 74 recites

74. *A computer-implemented method comprising:*  
*receiving from a player device information regarding an outcome of a*  
*lottery ticket stored on the player device, wherein the outcome includes a payout*  
*amount that has not been disclosed to the player;*  
*receiving from a player an indication of an item that the player is*  
*interested in wining;*  
*determining a price of the item; and*  
*arranging for the player to receive the item based on the outcome and*  
*if the price of the item is less than or equal to the payout amount.*

In one example of the claimed subject matter, a merchant device (*e.g.*, associated with a retail store) receives from a player's PDA one or more pre-stored lottery ticket outcomes stored on the PDA. [See, *e.g.*, Specification, page 11, lines 11 - 13] The player may attempt to receive a book having a current retail price of \$10. [See, *e.g.*, Specification, page 11, lines 9 - 11]

The merchant device compares the payout amount (*e.g.*, \$8) with the current retail price of the book (*e.g.*, \$10) and determines that the book will be provided to the player. The merchant device may determine to provide the book to the player for less than the current retail price if, for example, the merchant has a large number of those books in inventory. [See, *e.g.*, Specification, page 11, lines 13 - 17]

## **GROUND OF REJECTION TO BE REVIEWED ON APPEAL**

1. Claims **73 and 74** stand rejected under 35 U.S.C. § 101 as being directed to non-statutory subject matter.

2. Claims **40 - 74** stand rejected under 35 U.S.C. § 103(a) as being obvious in light of a combination of Rossides (U.S. Patent No. 5,620,182) and Grippe (U.S. Patent No. 6,017,032).

## **ARGUMENT**

### **Summary of Arguments**

1.     Section 101. The rejection of the claims under Section 101 is based on an incorrect legal standard for which there is not even an assertion that case law exists. In particular, the Examiner asserts that a claim that admittedly produces a "useful, concrete and tangible" can nevertheless be nonstatutory for being merely an "abstract idea".

2.     Section 103(a). The rejection of the claims under Section 103(a) is based on a misinterpretation of the references, and on factual assertions without any evidentiary support, and on a motivation to combine which is only that the combination would be beneficial, and on the omission of limitations of the rejected claims.

Accordingly, the rejections are inappropriate and Appellants respectfully request that the rejections be reversed.



### **Conventions in this Appeal Brief**

In the arguments herein, limitations of the claims are indicated in *italics* and the references of record are indicated by underlining.

In separate arguments of patentability for separate claims (or groups of claims), Appellants have, where possible, referred to prior arguments to avoid undue repetition.

In the arguments below, Appellants refer to:

- Final Office Action: Final Office Action mailed December 30, 2004.

**1. Section 101 Rejection for Non-Statutory Subject Matter**

Claims **73 and 74** stand rejected under 35 U.S.C. § 101 stand rejected as being directed to non-statutory subject matter.

The Section 101 rejection is argued separately for the following Groups of appealed claims:

GROUP I.            Claims **73**

GROUP II.           Claims **74**

The claims in the different Groups do not stand and fall together. Each of the Groups is addressed below under a separate heading.

### **1.1. GROUP I: Claim 73**

GROUP I includes independent Claim 73.

The rejection of GROUP I is flawed because the Examiner has not made a *prima facie* case that any claim of GROUP I is directed to non-statutory subject matter.

The Examiner has proposed a novel legal test for statutory subject matter, and this test deems the Federal Circuit's "useful, concrete and tangible result" standard to be insufficient and incomplete.

The Examiner has failed to indicate any authority for rejecting a claim merely because it may be performed "in the mind of a user" or "by pencil and paper". The Examiner has also failed to rebut Appellants' evidence to the contrary.

The proper legal test for statutory subject matter was not applied to the rejected claims. Accordingly, the Examiner cannot have presented a *prima facie* case that any claim is nonstatutory. In fact, applying the proper legal standard demonstrates that all claims are directed to statutory subject matter.

### **1.2. "Two-prong test" has no basis in law**

One issue in this case is whether the Examiner's "two-prong test" for determining whether a claim is directed to non-statutory subject matter under Section 101 has any basis in law.

#### **1.2.1. The "two-prong" test is a fiction and contrary to law**

The Examiner's "two-prong test" is baseless. It is also contrary to law. There are no cited legal authorities, and more importantly no case stands for the proposition that "within the technological arts" is a requirement for statutory

subject matter that is in addition to a requirement of providing for a practical application—i.e., useful, concrete and tangible result.

The Examiner's Section 101 two-prong test departs starkly from current Federal Circuit law. In particular, the Examiner's Section 101 two-prong test flies in the face of the definitive "practical application" standard, rendered in State Street Bank v. Signature Financial Trust, 149 F.3d 1368, 1373, 47 USPQ2d 1596, 1601 (Fed. Cir. 1998), cert. denied, 119 S. Ct. 851 (1999); and AT & T Corp. v. Excel Communications Inc., 172 F.3d 1352, 1356, 50 USPQ2d 1447, 1451 (Fed. Cir. 1999), for determining whether subject matter is statutory.

The Examiner's Section 101 two-prong test is also contrary to law because it necessarily defines a new category of subject matter (i.e., claimed processes that do not recite "technology") as being unpatentable under Section 101. There are exactly three categories of unpatentable subject matter that have been recognized by the Supreme Court: abstract ideas, natural phenomena, and laws of nature. Diamond v. Chakrabarty, 447 U.S. 303, 309, 65 L. Ed. 2d 144, 100 S. Ct. 2204, 206 U.S.P.Q. (BNA) 193 (1980) (quoting S. Rep. No. 82-1979, at 5 (1952); H.R. Rep. No. 82-1923, at 6 (1952)); Diamond v. Diehr, 450 U.S. 175, 182, 185, 67 L. Ed. 2d 155, 101 S. Ct. 1048, 49 U.S.L.W. 4194, 209 U.S.P.Q. (BNA) 1 (1981); See also, MPEP § 2106, p. 2100-11 (8th ed. Rev. 2, May 2004).

The MPEP does not have the force and effect of law; however, it is entitled to judicial notice as the agency's official interpretation of statutes and regulations, provided it is not in conflict with the statutes and regulations. In re Portola Packaging, 110 F.3d 786, 788, 42 U.S.P.Q.2d (BNA) 1295 (Fed. Cir. 1997). Thus, the U.S. Patent and Trademark Office officially interprets 35 U.S.C. § 101 as being circumscribed by only three exceptions.

The Examiner cannot establish that Appellants' claims fall into any of these exceptions.

**1.2.2. The analysis under the extraneous “technological arts” requirement is irreconcilable with relevant case law**

The Examiner’s use of the extraneous requirement in the Section 101 rejections is merely a transparent attempt to resurrect and re-package a host of discredited and overruled tests for statutory subject matter.

The actual standards purportedly applied under the extraneous “technological arts” requirement (i.e., whether a claim can be performed in the mind of a user or by use of a pencil and paper) are irreconcilable with relevant case law. The Examiner has ignored Appellants’ arguments that such standards are baseless. If “within the technological arts” means what the Examiner asserts (i.e., cannot be performed in the mind of a user or by use of a pencil and paper), the Examiner should be able to point to one case supporting that standard and the Examiner’s analysis. The Examiner has never attempted to do so.

The Examiner’s “two-prong test” is contrary to law because in applying it the Examiner holds that a process is directed to unpatentable subject matter merely because it might be capable of also being performed by a human or in the mind of a human. The mere fact that some or all of the steps of a method “may be carried out in or with the aid of the human mind” does not render a sequence of operational steps non-statutory under 35 U.S.C. §101. In re Musgrave (C.C.P.A. 1970). The Examiner continues to ignore this clear case law and is transparently attempting to resurrect an explicitly overruled “mental steps” doctrine.

In fact, in Musgrave, the CCPA held that the mere fact that some or all of the steps of a method “may be carried out in or with the aid of the human mind” does not render a sequence of operational steps non-statutory under 35 U.S.C. §101. Musgrave, 431 F.2d at 893, 167 U.S.P.Q. (BNA) 280. Thus, the court in

Musgrave rejected the Examiner's reasoning that the claims at issue were non-statutory under 35 U.S.C. §101 because they "include no physical steps but set forth merely a method for processing data which does not require any tangible device or apparatus to carry out the method and hence could be carried out mentally." Musgrave, 431 F.2d at 886, 167 U.S.P.Q. (BNA) 280.

The Examiner's "two-prong test" is also contrary to law because in applying it the Examiner holds that a process is directed to unpatentable subject matter merely because one or more steps are capable of being performed by use of a pen and paper. There is no legal authority in support of such a finding.

### **1.2.3. The analyses under the two prongs are irreconcilable**

The Examiner's analysis under the extraneous "within the technological arts" requirement is irreconcilable with the relevant case law cited by Appellants and the Examiner's own finding (Final Office Action, page 3) that the claims produce a useful, concrete and tangible result. Specifically, a claim cannot be "only an abstract idea" and also provide for a practical application (i.e., produce a useful, concrete and tangible result).

The Examiner's Section 101 two-prong test departs starkly from current Federal Circuit law. It allows for the contradictory possibility (as evidenced by the present case) that a claimed process can produce a useful, concrete and tangible result, yet still be directed to non-statutory subject matter.

### **1.2.4. Requests for Clarification**

Appellants invite the Examiner to comment in the Examiner's Answer on the following issues:

- What is the Examiner's authority for rejecting a claim for being able to be performed in the mind of a user or by pencil and paper?
- What is the Examiner's authority that failure to be "within the technological arts" (if such a requirement exists) necessarily means a claimed process is directed "only to an abstract idea"? How does the Examiner reconcile such an assertion with State St. Bank, which includes the definitive analysis "towards whether the claimed invention is non-statutory because of the presence of an abstract idea"? In other words, if the "technology" requirement was not addressed in State St. Bank, but State St. Bank defined how to determine whether a claim is directed to only an "abstract idea," how can the Examiner maintain that the "technology" requirement is of any use in determining whether a claim is directed "only to an abstract idea"?

### **1.3. All claims are directed to statutory subject matter**

Regardless of whether the "two-prong test" has any basis in law, the claims are directed to statutory subject matter.

#### **1.3.1. The Claims do not fall within any recognized exception to statutory subject matter**

All parties agree that all the claims produce a useful, concrete, and tangible result. Although not recognized by the Examiner, the existence of a useful, concrete, and tangible result necessarily means that the invention cannot be only an abstract idea, per AT&T and State Street Bank. The Examiner's attempt to characterize an alleged failure to be "within the technological arts" (whatever that

might mean) as equivalent to being “only an abstract idea” is baseless and contradictory.

There are only three exceptions to statutory subject matter: abstract ideas, laws of nature, and natural phenomena. Since the claims fall into none of those exceptions, the claims must define statutory subject matter.

### **1.3.2. Claims involve physical transformation**

Even if there is an additional “technological arts” requirement, there is no basis for the Examiner’s conclusion that any claim is not “within the technological arts.” Both rejected claims provide at least for *receiving from a [player] device information regarding ....* The Examiner has not even attempted to establish that such transmitting would not involve some type of physical transformation or other practical application.

### **1.3.3. Explicitly claimed subject matter was ignored**

The Section 101 rejection is contrary to law because the Examiner’s analysis does not address the claim as a whole.

Claim 73 is directed to a *medium storing instructions adapted to be executed by a processor*

Such a “medium” cannot be an abstract, disembodied concept, but is instead an article of manufacture. Even under the erroneous “two-prong test” applied by the Examiner, claim 73 is statutory because involves “technology”.

### **1.3.4. Conclusion**

The Examiner has not set forth a *prima facie* case that any claim of GROUP I is directed to non-statutory subject matter under § 101 or is otherwise



unpatentable. The Examiner has not applied a correct legal standard to the claims rejected under § 101.

The Examiner has failed to indicate any authority for rejecting a claim because it may be performed in the mind of a user or by pencil and paper, or to rebut Appellants' evidence to the contrary.

Accordingly, the rejection of the claims of GROUP I is improper.

## **SEPARATE ARGUMENT OF PATENTABILITY**

### **1.4. GROUP II: Claim 74**

GROUP II includes independent Claim 74.

The arguments made herein with respect to the rejection of Claim 73 under 35 U.S.C. § 101 are applicable to Claim 74. In summary, the Examiner has employed an improper legal standard in rejecting the claims under § 101. Under the proper standard, claim 74 is statutory- it admittedly produces a useful, concrete and tangible result.

Further, Claim 74 is directed to a *computer-implemented method*. Even under the erroneous "two-prong test" applied by the Examiner, claim 74 involves "technology".

The Examiner has not set forth a *prima facie* case that the claim of GROUP II is directed to non-statutory subject matter under § 101 or is otherwise unpatentable.

Accordingly, the claim of GROUP II is patentable.

## **SEPARATE ARGUMENT OF PATENTABILITY**

### **2. Section 103(a) Rejection for Obviousness**

Claims **40 - 74** stand rejected under 35 U.S.C. § 103(a) stand rejected as being obvious in light of a combination of Rossides and Grippe.

The Section 103(a) rejection is argued separately for the following Groups of appealed claims:

GROUP III.	Claims <b>40 - 43, 45 - 50, 52, 53, 56 - 58, 61 - 66</b> <b>and 68 - 72</b>
GROUP IV.	Claim <b>73</b>
GROUP V.	Claim <b>74</b>
GROUP VI.	Claim <b>44</b>
GROUP VII.	Claim <b>51</b>
GROUP VIII.	Claim <b>54</b>
GROUP IX.	Claim <b>55</b>
GROUP X.	Claim <b>59</b>
GROUP XI.	Claim <b>60</b>
GROUP XII.	Claim <b>67</b>

The claims in the different Groups do not stand and fall together. Each of the Groups is addressed below under a separate heading.

## **2.1. GROUP III: Claims 40 - 43, 45 - 50, 52, 53, 56 - 58, 61 - 66, 68 - 72**

Group III includes claims **40 - 43, 45 - 50, 52, 53, 56 - 58, 61 - 66, 68 - 72**.

Of these claims, Claims **40, 69 and 70** are independent.

Claim **40** recites

*receiving from a device information regarding a total payout amount of electronic scratch-off lottery tickets stored on the device, wherein the total payout amount has not been disclosed to the player;*

*receiving from a player an indication of an item that the player is interested in winning;*

*determining a value of the item; and*

*arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item.*

Independent Claims **69 and 70** are each apparatus claims reciting limitations that generally correspond to those of method claim **40** above. Accordingly the arguments below with respect to claim **40** are equally applicable to claims **69 and 70**.

All claims rejected for obviousness are rejected over a combination of Rossides and Grippio.

### **2.1.1. Prima Facie Burden**

If examination at the initial stage does not produce a prima facie case of unpatentability, then without more the applicant is entitled to grant of the patent. In re Oetiker, 977 F.2d 1443, 1445 (Fed. Cir. 1992).

During examination, claims are given their broadest reasonable interpretation consistent with the specification. In re Hyatt, 211 F.3d 1367 (Fed. Cir. 2000). The “PTO applies to verbiage of the proposed claims the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in applicant’s specification.” In re Morris, 127 F.3d 1048, 1054-55 (Fed. Cir. 1997).

### **2.1.2. Substantial evidence is required of all factual findings**

All findings of fact by the U.S. Patent and Trademark Office must be supported by substantial evidence within the record. In re Gartside, 203 F.3d 1305, 1315, 53 USPQ2d 1769, 1775 (Fed. Cir. 2000).

The Supreme Court has described "substantial evidence" in the following manner:

“substantial evidence is more than a mere scintilla. It means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. . . . Mere uncorroborated hearsay or rumor does not constitute substantial evidence.”

Consolidated Edison Co. v. NLRB, 305 U.S. 197, 229, 83 L. Ed. 126, 59 S. Ct. 206 (1938); See also, Dickinson v. Zurko, 527 U.S. 150, 162, 50 U.S.P.Q.2D 1930, 144 L. Ed. 2d 143, 119 S. Ct. 1816 (1999) ("Zurko III").

Similarly “review under this standard involves an examination of the record as a whole, taking into consideration evidence that both justifies and detracts from the agency's decision.” Universal Camera Corp. v. NLRB, 340 U.S. 474, 487-88, 95 L. Ed. 456, 71 S. Ct. 456 (1951); Zurko III, 527 U.S. at 162.

"[D]eficiencies of the cited references cannot be remedied by the Board's general conclusions about what is 'basic knowledge' or 'common sense.'" In re Zurko, 258 F.3d 1379, 1385, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001); In re Lee, 277 F.3d 1338, 1344, 61 USPQ2d 1430, 1434 (Fed. Cir. 2002).

"[D]eficiencies of the cited references cannot be remedied by the Board's general conclusions about what is 'basic knowledge' or 'common sense.'" In re Zurko, 258 F.3d 1379, 1385, 59 USPQ2d 1693, 1697 (Fed. Cir. 2001); In re Lee, 277 F.3d 1338, 1344, 61 USPQ2d 1430, 1434 (Fed. Cir. 2002).

### **2.1.3. Applicable Law of Obviousness**

The Examiner bears the burden of establishing a *prima facie* case of obviousness based upon the prior art. In re Fritch, 972 F.2d 1260, 1265 (Fed. Cir. 1992). To reject claims in an application under section 103, an examiner must show an unrebutted *prima facie* case of obviousness. In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998). If examination at the initial stage does not produce a *prima facie* case of unpatentability, then without more the applicant is entitled to grant of the patent. In re Oetiker, 977 F.2d 1443, 1445 (Fed. Cir. 1992).

The factual predicates underlying an obviousness determination include the scope and content of the prior art, the differences between the prior art and the claimed invention, and the level of ordinary skill in the art. In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998). The secondary considerations are also essential components of the obviousness determination. In re Rouffet, 149 F.3d 1350, 1355 (Fed. Cir. 1998).

When a rejection is based on a combination of references, the Examiner can satisfy the *prima facie* burden only by showing some objective teaching leading to the purported combination of references. In re Fritch, 972 F.2d 1260, 1265 (Fed.

Cir. 1992). Lacking a motivation to combine references, there is no prima facie case of obviousness. In re Rouffet, 149 F.3d 1350, 1358 (Fed. Cir. 1998).

Finally, during examination, claims are given their broadest reasonable interpretation consistent with the specification. In re Hyatt, 211 F.3d 1367 (Fed. Cir. 2000). The “PTO applies to verbiage of the proposed claims the broadest reasonable meaning of the words in their ordinary usage as they would be understood by one of ordinary skill in the art, taking into account whatever enlightenment by way of definitions or otherwise that may be afforded by the written description contained in applicant’s specification.” In re Morris, 127 F.3d 1048, 1054-55 (Fed. Cir. 1997).

#### **2.1.4. Rossides**

The Examiner has misinterpreted the disclosure of the Rossides patent. In particular, the system of Rossides is, by its own admission, inapplicable to the embodiments of the pending claims. The system of Rossides is applicable to specific and limited circumstances. This is true not only because the features of the Rossides system make this apparent, but also because Rossides itself explicitly discloses these specific and limited circumstances which constrain the applicability of the Rossides system.

The Rossides system is an “Expected Value Payment Method” which is intended to reduce the expected per unit cost a payer pays for a given amount of a product. [Rossides, Col. 1, lines 21 - 24]

There are exactly two ways that an Expected Value Payment Method can reduce expected per unit costs. [Rossides, Col. 4, lines 9 – 10]: (1) where it is cheaper to buy more units than fewer, and (2) in certain low variable cost

businesses that can segment customers according to those who are willing to bet and those who are not.

In the first manner, the Rossides payment method can be used in purchasing a greater amount (than desired) of a commodity having a more favorable per unit cost than the given amount that the receiver was originally to receive. [Rossides, Col. 4, lines 12 – 18]. For example, the cost of five pens at a time “will usually be more per pen than if he or she buys 1000 pens at a time”. [Rossides, Col. 4, lines 28 – 30]. In particular, this payment method “can take advantage of the fact that the PUC’s [per unit costs] of a commodity often are less at certain greater amounts than a given amount.” [Rossides, Col. 4, lines 23 – 26]

Continuing with this first situation, buyers can bet to take a chance on winning the greater amount. For example, a buyer who wants 50 pens would normally have to pay \$100 (i.e., \$2 / pen). This buyer may instead pay \$100 for a one-in-five (1 / 5) chance to win 500 pens. Thus the “expected” per-unit cost would be \$1 / pen ( $\$1 / \text{pen} = \$100 / 500 \text{ pens} \times 1 / 5 \text{ chance of winning}$ ). Such a buyer will, on average over a statistically significant number of purchases, win a (lower) desired amount of 100 pens per transaction, but will pay the lower per-unit cost (PUC) of \$1 / pen that comes with the purchases of greater amounts.

Such a situation also requires the business to risk (i.e., if the purchaser wins the bet) selling the product for a much lower price than normal. For example, if the buyer wins, the business must give up 500 pens for \$100, though the business normally needs to give up only 50 pens for \$100. For this process to be viable, it is incumbent on the business to compensate for this risk by entering many comparable transactions, and thus use the Law of Large Numbers to obtain more predictable results over the long run.



In the second way that an Expected Value Payment Method can reduce expected per unit costs, the payment method can be used to purchase the desired amount of a commodity at a more favorable per unit cost. [Rossides, Col. 9, lines 18 – 29]. This requires (i) that the business has a certain cost structure, including low variable costs [Rossides, Col. 9, lines 29 - 33], and (ii) that the business is able to and actually does “segment customers according to those who are willing to bet and those who are not”, because if “all customers could bet they all would and the business would get less revenue” [Rossides, Col. 9, lines 35 - 39]. In other words, it is “key” for the business to stop purchasers who would normally pay the full price from betting until they won that product. [Rossides, Col. 9, lines 54 - 56] Thus, for this payment method to be viable, the business would have to “limit the number of bets” a purchaser could make for the product. [Rossides, Col. 9, lines 56 - 58]

For example, if an airline charges \$200 for a coach seat and \$400 for a first class seat, the airline can give customers who purchase a coach seat the chance to bet to upgrade to a first class seat provided first class isn't full. The bet could cost the customer \$50 for a ½ chance of winning a first class upgrade. Since the customer has paid \$200 for the coach seat and paid an "expected" cost of \$100 for the upgrade, the total expected cost of the first class seat is \$300. [Rossides, Col. 9, lines 41 - 54]

Thus, the system of Rossides is, by its own admission, applicable to only these two circumstances: (1) lower per-unit costs with higher volume, and (2) low variable cost businesses which can segment customers who will not bet from those who will. Consequently, Rossides is inapplicable to circumstances in which, e.g., (1) the customer has no desire to purchase greater numbers of units (e.g., in purchasing a bed, in purchasing service on a car, in purchasing a warranty on

electronics), (2) the customer is unwilling to bet on the product, but instead needs the certainty of obtaining a certain number of units in a certain time, (3) the product does not sell for significantly lower per-unit costs at higher volumes, (4) the business cannot segment customers (e.g., all customers are willing to bet).

### 2.1.5. Grippo

Grippo is a lottery system in which there are multiple jackpots or pools, according to the number of different denominations of wagers made by bettors.

Wagers may be made at different denomination levels (e.g., \$1, \$5, \$10) [Grippo, Col. 4, lines 16 - 19]. Each wager of a different denominational level is either (i) placed in a separate jackpot pool with the other wagers of that denomination level, and winning are paid from that pool only or (ii) placed in a single pool, and winning are divided according to the fraction of wager amounts collected of each denomination and paid to winning bettors correspondingly. [Grippo, Col. 4, lines 19 - 26]. Thus, payoffs in such a game are dependent on both the number of bettors in each denomination as well as the amount or denomination of that wager category. [Grippo, Col. 4, lines 43 - 46].

As an example of such a game, assume 1000 bettors bet \$1 each, and 500 bettors wager \$5 each. The winner of the first pool would win \$1000 (= 1000 bets x \$1 / bet), and the winner of the second pool would win \$2500 (= 500 bets x \$5 / bet). [Grippo, Col. 4, lines 46 - 56].

The purported advantage of such a game is that bettors can “judge and select ticket options not only according to the denomination or amount of the ticket purchase, but also according to the perceived odds, which will vary according to the number of bettors placing wagers in any one denomination level. [Grippo, Col. 4, lines 16 - 19].

**2.1.6. No Motivation to Combine Rossides with Grippo in the manner proposed**

Rossides has nothing to do with lottery games, and is not combinable with Grippo.

Rossides is a payment method in which chance plays a part in exactly what, or how much, is purchased. Rossides does not hint at any sort of game aspect, much less a lottery game. Grippo, on the other hand, deals exclusively with a lottery game with different wager amounts.

There is no motivation to combine Rossides and Grippo in any manner, much less in the manner proposed by the Examiner. Moreover, any attempt to combine Rossides and Grippo would likely fail to yield any discernible benefits.

The only "motivation" to combine the Examiner proffers is "to come up with a better system and method which facilitates more attractive ways to provide lottery awards". Final Office Action, page 7, second paragraph. This "motivation"

(1) is not shown in any reference of record,  
(2) is merely a facile and conclusory statement that the combination would be beneficial, and

(3) would not have actually motivated one of ordinary skill in the art to combine Rossides with Grippo, much less in the manner proposed by the Examiner.

(1) To establish a *prima facie* case of obviousness, there must be some suggestion or motivation to modify the references or to combine reference

teachings. Graham v. John Deere Co., 383 US 1 (1966); MPEP 2143. The alleged motivation must be supported by tangible teachings of reference materials. Cardiac Pacemakers, Inc. v St. Jude Medical, Inc., 381 F.3d 1371, 72 USPQ2d 1333 (Fed. Cir. 2004).

However, the Examiner has not attempted to demonstrate that the proffered motivation is supported by any evidence in the record.

(2) The motivation "to come up with a better system and method which facilitates more attractive ways to provide lottery awards" is not a suggestion to one of ordinary skill in the art to combine the teachings of Rossides with Grippo. On the contrary, it is merely a conclusory (and unsupported) statement that the combination would have had a benefit.

Even the fact that references could be combined or modified is not sufficient to establish *prima facie* obviousness. MPEP 2143.01.

(3) The motivation "to come up with a better system and method which facilitates more attractive ways to provide lottery awards", even if it were actually a properly supported motivation at the time the invention was made, would not have prompted one of ordinary skill in the art to combine (1) the Grippo lottery game of differing wager amounts with (2) the Rossides system of purchasing using expected values and randomization as to whether or what is actually purchased.

Simply put, there must be a specific teaching to make the proposed combination and modification. The Examiner can point to no improvement or enhancement to either the Rossides system or the Grippo system if the two were somehow combined.

Similarly, the even if the claimed invention is within the capabilities of one of ordinary skill in the art is not sufficient by itself to establish *prima facie*

obviousness. MPEP 2143.01. There must be a specific teaching for the proposed combination.

#### **2.1.7. Rossides and Grippo are Incombinable**

Were one to attempt of combine the disparate teachings of Rossides and Grippo, such an attempt would yield, at best, an expected value payment method in which chance plays a part in exactly what product, or how much of a product, is purchased, in which the amounts "wagered" are of different denominational levels. The different denomination wagers are either (i) placed in a separate jackpot pool with the other wagers of that denomination level, and winning are paid from that pool only or (ii) placed in a single pool, and winning are divided according to the fraction of wager amounts collected of each denomination and paid to winning bettors correspondingly.

In such a haphazard combination of the disparate systems, presumably the product(s) are the winnings that are wagered on. However, it is unclear exactly what "winnings" would be paid from the different jackpot pools, or how winnings from a single pool could be divided.

Simply put, it would be nonsensical to attempt to combine the systems of Rossides and Grippo.

#### **2.1.8. Rossides and Grippo are not analogous references**

To rely on a reference under 35 U.S.C. § 103, it must be analogous prior art. See, e.g., In re Clay, 966 F.2d 656, 658 (Fed. Cir. 1992); MPEP 2141.01(a).

The examiner must determine what is "analogous prior art" for the purpose of analyzing the obviousness of the subject matter at issue. The examiner and the

Board must have a basis in the application and its claimed invention for limiting or expanding the scope of the field of endeavor. In re Bigio, 381 F.3d 1320, 1326 (Fed. Cir. 2004).

Whether a reference is analogous art is a question of fact that the court reviews for substantial evidence. In re Clay, 966 F.2d 656, 658, 23 USPQ2d 1058, 1060 (Fed. Cir. 1992); In re GPAC, 57 F.3d 1573, 1577 (Fed. Cir. 1995); In re Bigio, 381 F.3d 1320 (Fed. Cir. 2004).

Two separate tests define the scope of analogous prior art:

- (1) whether the art is from the same field of endeavor, and
- (2) if the reference is not within the field of the inventor's endeavor, whether the reference still is reasonably pertinent to the particular problem with which the inventor is involved.

See, e.g., In re Oetiker, 977 F.2d 1443, 1446, 24 USPQ2d 1443, 1445 (Fed. Cir. 1992). See also, In re Deminski, 796 F.2d 436, 230 USPQ 313 (Fed. Cir. 1986); In re Clay, 966 F.2d 656, 659, 23 USPQ2d 1058, 1060-61 (Fed. Cir. 1992) ("A reference is reasonably pertinent if, even though it may be in a different field from that of the inventor's endeavor, it is one which, because of the matter with which it deals, logically would have commended itself to an inventor's attention in considering his problem.").

Applying the proper legal standard, it is clear that Rossides and Grippio are not analogous references.

Rossides does not hint at any system of lottery tickets, much less one in which lottery tickets (e.g., sold by a third party to a customer) may be employed to profit the merchant. For example, the claimed embodiments allow a merchant to both facilitate sales and collect portions of lottery payouts.

Grippe also does not hint at a system in which lottery tickets (e.g., sold by a third party to a customer) may be employed to profit the merchant (e.g., by the merchant increasing sales or collecting portions of lottery payouts).

Since neither Rossides nor Grippe is from the same field of endeavor and the claims, and since neither Rossides nor Grippe is reasonably pertinent to the particular problem with which the inventors were involved, neither reference is analogous.

**2.1.9. Rejection based on assertions with no evidentiary support  
whatsoever**

Certain (but unspecified) claims are rejected based on factual assertions that have no support in the record. Accordingly, there is no substantial evidence for these assertions, and they cannot yield a *prima facie* case of obviousness. Without a *prima facie* showing of obviousness in the record, Appellants have no obligation to rebut or otherwise demonstrate patentability of the claims.

In the last paragraph of page 6 of the Final Office Action, the Examiner indicates that certain "limitations ... are notoriously well known". The Examiner alleges that the following are known, though no corroborating evidence exists in the record:

"offering to provide a substitute item to the player, and arranging for the player to receive the substitute item, game event is associated with a lottery provider and the player receives the item from a retail store where the item is offered for sale."

Further, even if evidence did exist that such limitations existed in the prior art, that alone would not render obvious a claim including such a limitation. As

discussed above, the obviousness analysis requires that there be a motivation to combine those teachings with the Rossides and Grippo teachings. Here, there has been no motivation provided to make the proposed combinations and modifications to incorporate the undocumented "notoriously well known" subject matter.

**2.1.10.      No reference discloses receiving from a device  
information regarding a total payout amount of electronic  
scratch-off lottery tickets stored on the device, wherein the  
total payout amount has not been disclosed to the player**

The rejection ignores several claim limitations which are not even addressed or referenced. For example, none of the references, alone or in combination, suggest:

*receiving from a device information regarding a total payout amount of electronic scratch-off lottery tickets stored on the device, wherein the total payout amount has not been disclosed to the player*

A "total payout amount" represents an amount of money that a player wins with respect to a total number of events. [Specification, page 8, lines 4 - 5].

Rossides does not suggest any *payout amounts* at all, much less the specific limitation above. Rossides also does not suggest any lottery tickets of any sort.

Grippo does not suggest that  
*any electronic scratch-off lottery tickets are stored on a device, nor receiving any information regarding a total payout amount from anywhere,*  
nor



*the total payout amount has not been disclosed to the player*

**2.1.11.      No reference discloses *arranging for the player to receive the item [he is interested in wining] based on whether the total payout amount [of the electronic scratch-off lottery tickets] is within a defined range of the value of the item***

None of the references, alone or in combination, suggest:

*arranging for the player to receive the item [he is interested in wining] based on whether the total payout amount [of the electronic scratch-off lottery tickets] is within a defined range of the value of the item*

As described above, a “total payout amount” represents an amount of money that a player wins with respect to a total number of events. [Specification, page 8, lines 4 - 5].

Rossides does not suggest any *payout amounts* at all, much less the specific limitation above.

Grippio does not suggest anything to do with *items the player is interested in wining*, much less *arranging for the player to receive that item based on whether the total payout amount [of the electronic scratch-off lottery tickets] is within a defined range of the value of the item*.

## **SEPARATE ARGUMENT OF PATENTABILITY**

### **2.2. GROUP IV: Claim 73**

Group IV includes Independent Claim 73.

Claim 73 recites:

*A medium storing instructions adapted to be executed by a processor to perform a method comprising:*

*receive from a device information regarding a payout amount of an electronic lottery ticket stored on the device, wherein the payout amount has not been disclosed to the player;*

*receive from a player an indication of an item that the player is interested in winning;*

*determine a price of the item; and*

*arrange for the player to receive the item based on whether the price of the item is less than or equal to the payout amount.*

All claims rejected for obviousness are rejected over a combination of Rossides and Grippo.

The arguments above that relate to the impropriety of the obviousness rejection of claim 40 (Group III) are applicable to the present Group. For example, the combination of Rossides and Grippo is improper for several reasons provided above.

**2.2.1. No reference discloses receiving from a device information regarding a payout amount of an electronic lottery ticket stored on the device, wherein the payout amount has not been disclosed to the player**

The rejection ignores several claim limitations that are not even addressed or referenced. For example, none of the references, alone or in combination, suggest:

*receiving from a device information regarding a payout amount of an electronic lottery ticket stored on the device, wherein the payout amount has not been disclosed to the player*

A “payout amount” represents an amount of money that a player wins. [Specification, page 8, lines 4 - 5].

Rossides does not suggest any *payout amounts* at all, much less the specific limitation above. Rossides also does not suggest any lottery tickets of any sort.

Grippo does not suggest that  
*any electronic lottery tickets are stored on a device, nor receiving any information regarding a payout amount from anywhere, nor the payout amount has not been disclosed to the player*

**2.2.2. No reference discloses *arranging for the player to receive the item [he is interested in wining] based on whether the price of the item is less than or equal to the payout amount [of the electronic lottery tickets]***

None of the references, alone or in combination, suggest:

*arranging for the player to receive the item [he is interested in wining]  
based on whether the price of the item is less than or equal to the payout  
amount [of the electronic lottery tickets]*

As described above, a “payout amount” represents an amount of money that a player wins. [Specification, page 8, lines 4 - 5].

Rossides does not suggest any *payout amounts* at all, much less the specific limitation above. Rossides also does not suggest any lottery tickets of any sort.

Grippo does not suggest anything to do with *items the player is interested in wining*, much less *arranging for the player to receive that item based on whether the price of the item is less than or equal to the payout amount*.

**SEPARATE ARGUMENT OF PATENTABILITY**

**2.3. GROUP V: Claim 74**

Group V includes Independent Claim 74.

Claim 74 recites:

*A computer-implemented method comprising:*  
*receiving from a player device information regarding an outcome of a*  
*lottery ticket stored on the player device, wherein the outcome includes a payout*  
*amount that has not been disclosed to the player;*  
*receiving from a player an indication of an item that the player is*  
*interested in winning;*  
*determining a price of the item; and*  
*arranging for the player to receive the item based on the outcome and*  
*if the price of the item is less than or equal to the payout amount.*

All claims rejected for obviousness are rejected over a combination of Rossides and Grippo.

The arguments above that relate to the impropriety of the obviousness rejection of claim 40 (Group III) are applicable to the present Group. For example, the combination of Rossides and Grippo is improper for several reasons provided above.

**2.3.1. No reference discloses receiving from a player device  
information regarding an outcome of a lottery ticket stored on  
the player device, wherein the outcome includes a payout  
amount that has not been disclosed to the player**

The rejection ignores several claim limitations that are not even addressed or referenced. For example, none of the references, alone or in combination, suggest:

*receiving from a player device information regarding an outcome of a  
lottery ticket stored on the player device, wherein the outcome includes a  
payout amount that has not been disclosed to the player*

Rossides does not at all suggest any *outcomes of a lottery ticket*, much less the specific limitation above. Rossides also does not at all suggest any *payout amounts of the outcome*, much less the specific limitation above that the *payout amount has not been disclosed to the player*.

Grippo does not suggest that  
any *lottery tickets are stored on a device*, nor  
*receiving any information regarding an outcome of a stored lottery ticket*  
from anywhere, nor  
*the payout amount has not been disclosed to the player*

**2.3.2. No reference discloses *arranging for the player to receive the item [he is interested in wining] based on whether the price of the item is less than or equal to the payout amount [of the electronic lottery tickets]***

None of the references, alone or in combination, suggest:

*arranging for the player to receive the item [he is interested in wining]  
based on the outcome [of the lottery ticket] and if the price of the item is less  
than or equal to the payout amount [of the lottery ticket]*

As described above, a “payout amount” represents an amount of money that a player wins. [Specification, page 8, lines 4 - 5].

Rossides does not suggest any *payout amounts* at all, much less the specific limitation above. Rossides also does not suggest any lottery tickets of any sort.

Grippo does not suggest anything to do with *items the player is interested in wining*, much less *arranging for the player to receive that item based on the outcome [of the lottery ticket] and if the price of the item is less than or equal to the payout amount*.

## **SEPARATE ARGUMENT OF PATENTABILITY**

### **2.4. GROUP VI: Claim 44**

Group VI includes dependent Claim 44, which depends on claim 40 (Group III). Therefore, the nonobviousness of Group III requires that this Group be deemed nonobvious as well.

Claim 44 recites:

*the indication [of an item that the player is interested in wining] includes at least one of:*

- (i) an item identifier,*
- (ii) an item category, and*
- (iii) an item feature*

All claims rejected for obviousness are rejected over a combination of Rossides and Grippio.

The arguments above that relate to the impropriety of the obviousness rejection of claim 40 (Group III) are applicable to the present Group. For example, the combination of Rossides and Grippio is improper for several reasons provided above.

Neither Rossides nor Grippio suggest any *an item identifier, item category, or item feature*, much less the specific limitation above.

Grippio in fact has nothing to do with the player indicating an item that he is interested in wining.



## **SEPARATE ARGUMENT OF PATENTABILITY**

### **2.5. GROUP VII: Claim 51**

Group VII includes dependent Claim **51**, which depends on claim **40** (Group III). Therefore, the nonobviousness of Group III requires that this Group be deemed nonobvious as well.

Claim **51** recites:

*in response to the received indication [of an item that the player is interested in wining], offering to provide a substitute item to the player, and wherein arranging includes arranging for the player to receive the substitute item based on whether the total payout amount is within a defined range of the value of the substitute item.*

All claims rejected for obviousness are rejected over a combination of Rossides and Grippo.

The arguments above that relate to the impropriety of the obviousness rejection of claim **40** (Group III) are applicable to the present Group. For example, the combination of Rossides and Grippo is improper for several reasons provided above.

Neither Rossides nor Grippo suggest any sort of *substitute item*, much less the specific limitation above. The Examiner has not even alleged otherwise. The

Examiner has merely called such a limitation "notoriously well known". However, as explained above in Section 2.1.9, without any evidentiary support for this assertion the rejection is improper.

Moreover, as described above, a "total payout amount" represents an amount of money that a player wins with respect to a total number of events. Rossides does not suggest any *payout amounts* at all, much less the specific limitation above.

Grippio does not suggest anything to do with *items the player is interested in winning*, much less doing any *offering* in response to such an indication, much less *arranging for the player to receive a substitute item based on whether the total payout amount [of the electronic scratch-off lottery tickets] is within a defined range of the value of the substitute item*.

**SEPARATE ARGUMENT OF PATENTABILITY**

**2.6. GROUP VIII: Claim 54**

Group VIII includes dependent Claim **54**, which depends on claim **40** (Group III). Therefore, the nonobviousness of Group III requires that this Group be deemed nonobvious as well.

Claim **54** recites:

*wherein the electronic scratch-off lottery tickets are associated with a lottery provider, and*

*wherein arranging for the player to receive the item includes arranging for the player to receive the item from a retail store where the item is offered for sale*

All claims rejected for obviousness are rejected over a combination of Rossides and Grippio.

The arguments above that relate to the impropriety of the obviousness rejection of claim **40** (Group III) are applicable to the present Group. For example, the combination of Rossides and Grippio is improper for reasons provided above.

Further, Rossides has nothing to do with a lottery, and thus cannot suggest that *electronic scratch-off lottery tickets are associated with a lottery provider*.

Grippio has nothing to do with a *retail store*, much less *arranging for the player to receive the item from a retail store where the item is offered for sale*.

**SEPARATE ARGUMENT OF PATENTABILITY**

**2.7. GROUP IX: Claim 55**

Group IX includes dependent Claim **55**, which depends on claim **40** (Group III). Therefore, the nonobviousness of Group III requires that this Group be deemed nonobvious as well.

Claim **55** recites:

*wherein a seller arranges for the item to be provided to the player in exchange for payment of an amount based on a difference between the total payout amount [of the lottery tickets] and the value of the item*

All claims rejected for obviousness are rejected over a combination of Rossides and Grippo.

The arguments above that relate to the impropriety of the obviousness rejection of claim **40** (Group III) are applicable to the present Group. For example, the combination of Rossides and Grippo is improper for reasons provided above.

Further, Rossides has nothing to do with a lottery, and thus cannot suggest that anything to do with *the total payout amount of lottery tickets*.

Grippo has nothing to do with a *seller who arranges for the item to be provided to the player*, much less *in exchange for payment of an amount based on a difference between the total payout amount [of the lottery tickets] and the value of the item*.

## **SEPARATE ARGUMENT OF PATENTABILITY**

### **2.8. GROUP X: Claim 59**

Group X includes dependent Claim 59, which depends on claim 40 (Group III). Therefore, the nonobviousness of Group III requires that this Group be deemed nonobvious as well.

Claim 59 recites:

*wherein arranging for the player to receive the item further comprises:*

*converting the total payout amount to an alternate currency  
associated with a merchant.*

All claims rejected for obviousness are rejected over a combination of Rossides and Grippio.

The arguments above that relate to the impropriety of the obviousness rejection of claim 40 (Group III) are applicable to the present Group. For example, the combination of Rossides and Grippio is improper for reasons provided above.

Further, neither Rossides nor Grippio has anything to do with any *alternate currency*, much less *converting a total payout amount of lottery tickets* to anything, much less *converting a total payout amount of lottery tickets to an alternate currency associated with a merchant*.

## **SEPARATE ARGUMENT OF PATENTABILITY**

### **2.9. GROUP XI: Claim 60**

Group XI includes dependent Claim 60, which depends on claim 40 (Group III). Therefore, the nonobviousness of Group III requires that this Group be deemed nonobvious as well.

Claim 60 recites:

*wherein arranging for the player to receive the item further comprises:  
based on the indication of the item [that the player is interested in wining],  
adjusting information associated with a game event in accordance with at least  
one of:*

- (i) a predetermined formula,*
- (ii) a predetermined rule, and*
- (iii) a conversion table.*

All claims rejected for obviousness are rejected over a combination of Rossides and Grippo.

The arguments above that relate to the impropriety of the obviousness rejection of claim 40 (Group III) are applicable to the present Group. For example, the combination of Rossides and Grippo is improper for reasons provided above.

Further, neither Rossides nor Grippo has anything to do with any *adjusting information associated with a game event*, much less the specific claim limitation above.

The Examiner alleges that Rossides, columns 12 and 13 disclose *adjusting information associated with a game event*. However, those portions have no apparent relationship to the cited limitation. These portions at best generally describe making bets in the Rossides system.

**SEPARATE ARGUMENT OF PATENTABILITY**

**2.10. GROUP XII: Claim 67**

Group XII includes dependent Claim 67, which depends on claim 40 (Group III). Therefore, the nonobviousness of Group III requires that this Group be deemed nonobvious as well.

Claim 67 recites:

*determining an excess payout amount; and*

*arranging for the excess payout amount to be provided to at least one of:*

*(i) a lottery provider,*

*(ii) a merchant that provided the item to the player,*

*(iii) a seller that sold the item to the player, and*

*(iv) the player.*

All claims rejected for obviousness are rejected over a combination of Rossides and Grippo.

The arguments above that relate to the impropriety of the obviousness rejection of claim 40 (Group III) are applicable to the present Group. For example, the combination of Rossides and Grippo is improper for reasons provided above.

An excess payout amount can be, e.g., an amount that the payout is over and above a retail price associated with the item the player desires. [Specification, Page 17, lines 17 - 18].

Neither Rossides nor Grippo has anything to do with any *excess payout amount*, much less the specific claim limitation above.

The Examiner alleges that Grippo discloses determining an excess payout amount to be provided to a player (prizes). Office Action, page 6, paragraph 4. However, such an interpretation of Grippo is at odds with the meaning of *excess payout amount* as used in the present disclosure.



## CONCLUSION

Thus, the Examiner's rejection of the pending claims is improper at least because the Examiner has not provided a *prima facie* showing that any claim is unpatentable. Therefore, Appellants respectfully request that the Examiner's rejections be reversed.

If any issues remain, or if there are any further suggestions for expediting allowance of the present application, please contact Dean Alderucci using the information provided below.

Appellants hereby request any extension of time that may be required to make this Appeal Brief timely. Please charge any fees that may be required for this paper, or credit any overpayment, to Deposit Account No. 50-0271.

Respectfully submitted,



May 31, 2005

Date

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Dean Alderucci  
Attorney for Appellants  
Registration No. 40,484  
(203) 461-7337 /voice  
(203) 461-7300 /fax

## **APPENDIX A—CLAIMS**

Claims **40 - 74** are pending and appealed.

Claims **40, 69, 70, 73 and 74** are independent.

40. A method comprising:

receiving from a device information regarding a total payout amount of electronic scratch-off lottery tickets stored on the device, wherein the total payout amount has not been disclosed to the player;

receiving from a player an indication of an item that the player is interested in wining;

determining a value of the item; and

arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item.

41. The method of claim 40, wherein the item comprises at least one of:
- (i) a product,
  - (ii) a service,
  - (iii) an alternate currency amount,
  - (iv) a reduction in a retail price associated with the item,
  - (v) a reduction of an amount previously owed by the player,
  - (vi) a future game event, and
  - (vii) an increase in an amount of payment to be received by the player.
42. The method of claim 40, wherein receiving from a device comprises:  
receiving from at least one of: (i) a player device, and (ii) a merchant device.

43. The method of claim 40, wherein receiving from a device is performed via at least one of:

- (i) a Web site,
- (ii) the Internet,
- (iii) a gaming device,
- (iv) a personal digital assistant,
- (v) a kiosk,
- (vi) an electronic mail message,
- (vii) postal mail,
- (viii) a telephone,
- (ix) an interactive voice response unit,
- (x) an operator terminal,
- (xi) a point of sale terminal, and
- (xii) a shopping cart device.

44. The method of claim 40, wherein the indication includes at least one of: (i) an item identifier, (ii) an item category, and (iii) an item feature.

45. The method of claim 40, wherein the indication includes at least one of: (i) an item price, (ii) a reduced item price, (iii) a player-defined item price, and (iv) a player-selected item price.

46. The method of claim 40, wherein the information regarding a total payout amount includes a probability of the player receiving the item.

47. The method of claim 40, wherein the information regarding a total payout amount includes a player identifier.

48. The method of claim 40, wherein the information regarding a total payout amount includes a game event identifier.

49. The method of claim 40, wherein the information regarding a total payout amount includes a pre-stored outcome.

50. The method of claim 40, further comprising:  
  
displaying a list of available items to the player and  
  
wherein receiving the indication of the item includes receiving a selection  
from the list of available items.

51. The method of claim 40, further comprising:  
  
in response to the received indication, offering to provide a substitute item to  
the player, and  
  
wherein arranging includes arranging for the player to receive the substitute  
item based on whether the total payout amount is within a defined range of the  
value of the substitute item.

52. The method of claim 40, wherein receiving the indication of the item  
includes receiving an indication that the player is interested in purchasing the item.

53. The method of claim 40, further comprising:  
  
charging the player a fee to play the electronic scratch-off lottery tickets to  
  
win the indicated item.

54. The method of claim 40, wherein the electronic scratch-off lottery  
tickets are associated with a lottery provider, and  
  
wherein arranging for the player to receive the item includes arranging for  
the player to receive the item from a retail store where the item is offered for sale.

55. The method of claim 40, wherein a seller arranges for the item to be  
provided to the player in exchange for payment of an amount based on a difference  
between the total payout amount and the value of the item.

56. The method of claim 40, wherein the indication of the item comprises at least one of:

- (i) a retail price,
- (ii) an item cost,
- (iii) a minimum acceptable price,
- (iv) a minimum acceptable profit,
- (v) a discount amount,
- (vi) a product conveyance rule,
- (vii) revenue management information,
- (viii) supply information, and
- (ix) demand information.

57. The method of claim 40, wherein arranging for the player to receive the item is further based on at least one of: (i) information associated with the player, (ii) information associated with a merchant, (iii) information associated with a lottery provider, and (iv) information associated with a seller.



58. The method of claim 40, wherein arranging for the player to receive the item further includes:

transmitting a transaction request, including the total payout amount, to a merchant device; and

receiving a transaction response from the merchant device,

wherein arranging for the player to receive the item is further based on the transaction response.

59. The method of claim 40, wherein arranging for the player to receive the item further comprises:

converting the total payout amount to an alternate currency associated with a merchant.

60. The method of claim 40, wherein arranging for the player to receive the item further comprises:

based on the indication of the item, adjusting information associated with a game event in accordance with at least one of: (i) a predetermined formula, (ii) a predetermined rule, and (iii) a conversion table.

61. The method of claim 40, wherein arranging for the player to receive the item comprises:

transmitting information enabling the item to be delivered to the player.

62. The method of claim 40, wherein arranging for the player to receive the item comprises:

transmitting information enabling the player to take possession of the item.

63. The method of claim 40, wherein at least one of

(i) the information regarding the total payout amount, and

(ii) a an outcome associated with a game event

are not displayed to the player.

64. The method of claim 40, further comprising:

determining at least one of:

- (i) an event wager amount,
- (ii) a number of game events, and
- (iii) a probability that the item will be provided to the player.

65. The method of claim 40, further comprising:

displaying to the player at least one of:

- (i) a required wager amount,
- (ii) a required number of game events,
- (iii) a suggested wager amount,
- (iv) a suggested number of game events, and
- (v) a probability that the item will be provided to the player.

66. The method of claim 40, wherein the item is provided to the player by a merchant, and further comprising:

arranging for the merchant to receive payment in exchange for providing the item to the player.

67. The method of claim 40, further comprising:  
  
determining an excess payout amount; and  
  
arranging for the excess payout amount to be provided to at least one of:  
  
(i) a lottery provider,  
  
(ii) a merchant that provided the item to the player,  
  
(iii) a seller that sold the item to the player, and  
  
(iv) the player.

68. The method of claim 40, wherein information associated with the item  
  
is incorporated into play of a game associated with the total payout amount.

69. An apparatus comprising:

means for receiving from a device information regarding a total payout amount of electronic scratch-off lottery tickets stored on the device, wherein the total payout amount has not been disclosed to the player;

means for receiving from a player an indication of an item that the player is interested in wining;

means for determining a value of the item; and

means for arranging for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item.

70. An apparatus, comprising:

a processor; and

a storage device in communication with said processor and storing instructions adapted to be executed by said processor to:

receive from a device information regarding a total payout amount of electronic scratch-off lottery tickets stored on the device, wherein the total payout amount has not been disclosed to the player;

receive from a player an indication of an item that the player is interested in winning;

determine a value of the item; and

arrange for the player to receive the item based on whether the total payout amount is within a defined range of the value of the item.

71. The apparatus of claim 70, wherein the storage device further stores at least one of:

- (i) an player outcome database,
- (ii) an inventory database,
- (iii) a product request database,
- (iv) a product conveyance database,
- (v) a redemption database, and
- (vi) a provider outcome database.

72. The apparatus of claim 70, further comprising:  
  
a communication device coupled to the processor and adapted to  
  
communicate with at least one of:

- (i) a player device,
- (ii) a lottery device,
- (iii) a merchant device,
- (iv) a controller,
- (v) a subsidy provider device,
- (vi) a seller device, and
- (vii) a payment device.



73. A medium storing instructions adapted to be executed by a processor to perform a method comprising:

receive from a device information regarding a payout amount of an electronic lottery ticket stored on the device, wherein the payout amount has not been disclosed to the player;

receive from a player an indication of an item that the player is interested in wining;

determine a price of the item; and

arrange for the player to receive the item based on whether the price of the item is less than or equal to the payout amount.

74. A computer-implemented method comprising:

receiving from a player device information regarding an outcome of a lottery ticket stored on the player device, wherein the outcome includes a payout amount that has not been disclosed to the player;

receiving from a player an indication of an item that the player is interested in winning;

determining a price of the item; and

arranging for the player to receive the item based on the outcome and if the price of the item is less than or equal to the payout amount.

**APPENDIX B—EVIDENCE**

<NONE>

**APPENDIX C—RELATED PROCEEDINGS**

<NONE>